Rate Setting Reform- Element 1: Model Development
Working Team Meeting Notes
Thursday, March 20, 2014

Participants:

Name	Organization
Patricia Arriaza	GOC
Karen Brown	DHR/SSA
Shanda Crowder	DHR/SSA
Coni Grant	Pressley Ridge
Alicia Hall	Pressley Ridge
Bambi Harmon	Concern
Steve Howe	Children's Guild
Caroline Jones	DHMH/MHA
Kevin Keegan	Catholic Charities
Jeannette Kinion	DJS
Joseph Labulé	Second Family
Joe Leshko	Arrow
Audrey McClendon	DHR/SSA
Hugh Pendley	Second Family
Jonathan Sheehan	GOC
Shelley Tinney	MARFY
Anita Wilkins	DHR/SSA

Working Team Overview

- Focus: To look at other State's models and compare with Maryland. May use specific components, design a new model or stay with the same model and make modifications.
- Our goal is to develop a common understanding of the current process in order to develop a system that is
    - Is equitable
    - Allows placing agencies to purchase the services that youth need
    - Allows for provider Flexibility for meeting needs
    - Is Performance based system—shift to reward good performance/outcomes (incentives)
    - Includes a process for negotiating rates
    - Maximizes Federal funds

Maryland: General Discussion

- The current structure/overall process is good and should be kept.
- The original 1997 process included a methodology to fully funded programs but never materialized
- The 1997 process includes a negotiated rate system so providers could negotiate child by child but veered away from that process

- 2006 JCR report began the discussion on an Implementation of an outcome component of the rates but was not implemented
- Daily Rate vs. Package Rate vs. Funding
- Currently have a Bundle Services Rate. Level of Intensity used more to categorize whether a provider was preferred or not.
    - If we keep the bundled rate maybe some services should be unbundled. Some services will be the same for all providers, but having rates for different/ extra services would allow more flexibility. That would allow negotiating on a child by child basis. Standardize a cost for various levels?
    - Unbundling the rates may also allow for more opportunity to maximize funds. We must look at programs vs. services vs. geographical location.
- Peer to peer comparison
- Preferred vs. non-preferred: what is the purpose? Based on the current definition preferred status is based on cost not outcomes. Is this the right use?
- Levels of Intensity: What is the purpose? Currently used by the providers to determine the levels of services they intend to provide and then to determine the staffing pattern needed to support. The IRC use the LOI score to classify programs for the preferred status comparisons.
- All agencies need to determine/ agree on what to buy to get the outcomes we want. Need to measure outcomes. What is the value? Do we need to build in an infrastructure to be able to get what we need- reasonable outcomes.
- Build in incentives-do we need to develop a different method within the current model? We need to be "open" to listen to other options. Consider the impact of adoption vs. foster care. Good data will be needed to make good decisions.
- Budget submissions need to more in line with the State's budget calendar. Better timing would mean better forecasting.
- Reinvestment of savings. Fully fund programs that are working and/ or fund incentives. How do we push to keep funds "saved" for reuse instead of going back into the General Fund?
- How do we assure that a "true" negotiable rate process remains in play?
- Consider a longer term rate approval, 2-3 years. It would help with budget alignment and give a better picture of what things are needed.
- Make incentives a contract matter.
- Lead Entity Approach using captitated rates by region. Example: Philadelphia: "community umbrella". State would do the Case Management and Provider would do the Care Management.
- Capitated Rate (best use of funds/ performance) allows for better budgeting/ stability/ utilization.
    - What happens to small agencies? Build a network within the provider community?
    - Changes the way things are done.
    - The State will have to be more diligent about provider placements.

- The following elements have to be aligned: **Rates…contracts…funding**.
- Should budgets be set on Occupancy or utilization rates

Other State Models

- Philadelphia: Explore the possibility of using a lead entity design. A capitated rate is provided to a provider who acts as the care manager for the youth in their care. The provider has the flexibility to use the $$ to meet the needs of the youth in their care. The bottom line goal is to meet the youths expected outcomes.
- Texas: Has clear performance based outcomes that providers have to meet in order to remain in business. Providers are provided with the flexibility to do that. Incentives are built in and linked to performance based contracts. There is a predetermined $$ a provider will earn for meeting specific outcome measures.
- California: Has a flat rates process that uses a Rate Classification Levels system that assigns a specific rate to each of the different service intensity levels

Current Recommendations

<u>Revised Maryland Model</u>

- Remove the Preferred/Non-preferred Status
- Levels of Intensity should be used to determine the level of services a provider has in order to make appropriate recommendations for placement by placement agencies. Standardized LOI's and Standardized Youth Assessments (CANS/MCASP) should be utilized together to determine placements. LOIs can also be used to justify provider costs for services/staffing.
- Budgets should be approved for 2-3 year period or whatever timeline would be aligned with placement contracts. The IRC should review documents that should be submitted annually (cost reports/audits) and there should be a mechanism for cost of living increases.

Next Steps

- Continue to explore other state models for components that would enhance the current systems: Gain a better understanding of rate model options:
    - Bundled v. Packed Plus v. Capitated Rates

Next Meeting: April 3, 2014. 9:30 am-12:00 pm, Catholic Charities, Center for Family Services, 2601 N. Howard Street, Baltimore, MD 21218